

# PORTION DESCRIPTIONS FROM THE

**NOVEMBER 14, 2001** 

MINERAL LEASE SALE

#### STATE LEASE NO. 17284 EXHIBIT "A"

#### PORTION OF TRACT 33941 - Iberia Parish, Louisiana

All of the lands now or formerly constituting the beds and bottoms of all water bodies of every nature and description and all islands and other lands formed by accretion or reliction, except tax lands, owned by and not under mineral lease from the State of Louisiana on November 14, situated in Iberia Parish, Louisiana, within the following described boundaries: Beginning at a point having Coordinates of X = 1,886,622.00and Y = 300,225.00; thence North 5,137.00 feet to a point having Coordinates of X = 1,886,622.00 and Y = 305,362.00; thence East 2,728.00 feet to a point having Coordinates of X = 1,889,350.00 and Y = 305,362.00; thence South 46 degrees 05 minutes 04 seconds East 5,902.57 feet to a point having Coordinates of X = 1,893,602.00 and Y = 301,268.00; thence South 1,043.00 feet to a point having Coordinates of X = 1,893,602.00 and Y = 300,225.00; thence West 6,980.00 feet to the point of beginning, containing approximately 623.33 acres, as shown outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. bearings, distances and coordinates are based on Louisiana Coordinate System of 1927 (South Zone).

NOTE: The above tract is located in or near an oyster restricted area and all operations in such area must be conducted in strict conformity with the stipulations and/or regulations of the Louisiana Department of Wildlife and Fisheries.

NOTE: The above described tract is in the vicinity of existing shell reefs where drilling and dredging operations must be conducted in strict conformity with the regulations adopted by the Louisiana Department of Wildlife and Fisheries and/or the U.S. Corps of Engineers, U.S. Army.

#### STATE LEASE NO. 17287 EXHIBIT "A"

## PORTION OF TRACT 33946 - PORTION OF BLOCK 5, EUGENE ISLAND AREA, REVISED, Iberia Parish, Louisiana

That portion of Block 5, Eugene Island Area, Revised, Iberia Parish, Louisiana, belonging to the State of Louisiana and not under mineral lease on November 14, 2001, described as follows: Beginning at within Block 5, Eugene Island Area, Revised, having Coordinates of X = 1,881,970.00 and Y = 279,383.00; thence North 1,522.06 feet to a point having Coordinates of X = 1,881,970.00 and Y = 280,905.06; thence East 2,930.00 feet to a point having Coordinates of X = 1,884,900.00 and Y = 280,905.06; thence South 1,522.06 feet to a point having Coordinates of X = 1,884,900.00 and Y = 279,383.00; thence West 2,930.00 feet to the point of beginning, containing approximately 102.38 acres, as shown outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. All bearings, distances and coordinates are based on Louisiana Coordinate System of 1927 (South Zone).

NOTE: The above tract is located in or near an oyster restricted area and all operations in such area must be conducted in strict conformity with the stipulations and/or regulations of the Louisiana Department of Wildlife and Fisheries.

NOTE: The above described tract is in the vicinity of existing shell reefs where drilling and dredging operations must be conducted in strict conformity with the regulations adopted by the Louisiana Department of Wildlife and Fisheries and/or the U.S. Corps of Engineers, U.S. Army.

#### STATE LEASE NO. 17288 EXHIBIT "A"

## PORTION OF TRACT 33952 - Franklin and Tensas Parishes, Louisiana

All of the lands now or formerly constituting the beds and bottoms of all water bodies of every nature and description and all islands and other lands formed by accretion or reliction, except tax lands, owned by and not under mineral lease from the State of Louisiana on November 14, 2001, situated in Franklin and Tensas Parishes, Louisiana, within the following described boundaries: Beginning at a point having Coordinates of X = 2,295,400.00 and Y = 482,400.00; thence East 12,300.00 feet to a point having Coordinates of X = 2,307,700.00 and Y = 482,400.00; thence South 4,300.00 feet to a point having Coordinates of X = 2,307,700.00 and Y =478,100.00; thence West 3,300.00 feet to a point having Coordinates of X = 2,304,400.00 and Y = 478,100.00; thence South 2,700.00 feet to a point having Coordinates of X = 2,304,400.00 and Y = 475,400.00; thence West 3,100.00 feet to a point having Coordinates of X = 2,301,300.00 and Y =475,400.00; thence South 7,600.00 feet to a point having Coordinates of X = 2,301,300.00 and Y = 467,800.00; thence West 5,900.00 feet to a point having Coordinates of X = 2,295,400.00 and Y = 467,800.00; thence North 14,600.00 feet to the point of beginning, containing approximately 57 acres, as shown outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. All bearings, distances and coordinates are based on Louisiana Coordinate System of 1927 (South Zone).

#### STATE LEASE NO. 17289 EXHIBIT "A"

#### PORTION OF TRACT 33953 - Vermilion Parish, Louisiana

All of the lands now or formerly constituting the beds and bottoms of all water bodies of every nature and description and all islands and other lands formed by accretion or reliction, except tax lands, owned by and not under mineral lease from the State of Louisiana on November 14, 2001, situated in Vermilion Parish, Louisiana, within the following described boundaries: Beginning at the Northeast corner of State Lease No. 16141 having Coordinates of X = 1,765,977.00 and Y = 361,200.00; thence East 5,264.82 feet to a point having Coordinates of X = 1,771,241.82 and Y =361,200.00; thence South 6,566.25 feet to a point, being the Northeast corner of State Lease No. 16142, having Coordinates of X = 1,771,241.82and Y = 354,633.75; thence West 5,264.82 feet along the North line of said State Lease No. 16142 to its Northwest corner, also being a point on the East line of said State Lease No. 16141, having Coordinates of X =1,765,977.00 and Y = 354,633.75; thence North 6,566.25 feet along the East line of said State Lease No. 16141 to the point of beginning, containing approximately 793.62 acres, as shown outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. bearings, distances and coordinates are based on Louisiana Coordinate System of 1927 (South Zone).

NOTE:

The above tract is located in or near an oyster restricted area and all operations in such area must be conducted in strict conformity with the stipulations and/or regulations of the Louisiana Department of Wildlife and Fisheries.

NOTE:

#### STATE LEASE NO. 17290 EXHIBIT "A"

## PORTION OF TRACT 33954 - St. Mary Parish, Louisiana

All of the lands now or formerly constituting the beds and bottoms of all water bodies of every nature and description and all islands and other lands formed by accretion or reliction, except tax lands, owned by and not under mineral lease from the State of Louisiana on November 14, 2001, situated in St. Mary Parish, Louisiana, within the following described boundaries: Beginning at a point having Coordinates of X = 1,908,600.00Y = 362,200.00; thence West 1,528.48 feet to a point having Coordinates of X = 1,907,071.52 and  $Y_{00} = 362,200.00$ ; thence North 00 degrees 12 minutes 34 seconds East 3,235.63 feet to the Southeast corner State Lease No. 9410, as amended, having Coordinates of X 1,907,083.35 and Y = 365,435.61; thence North 00 degrees 12 minutes 34 seconds East 809.40 feet on the East line of said State Lease No. 9410 to the Southwest corner of State Lease No. 13470 having Coordinates of X =1,907,086.31 and Y = 366,245.00; thence East 1,211.69 feet on the South line of said State Lease No. 13470 to its Southeast corner having Coordinates of X = 1,908,298.00 and Y = 366,245.00; thence East 302.00 feet to a point having Coordinates of X = 1,908,600.00 and Y = 366,245.00; South 4,045.00 feet to the point of beginning, approximately 50 acres, as shown outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. All bearings, distances and coordinates are based on Louisiana Coordinate System of 1927 (South Zone).

NOTE: The above tract is located in or near an oyster restricted area and all operations in such area must be conducted in strict conformity with the stipulations and/or regulations of the Louisiana Department of Wildlife and Fisheries.

#### STATE LEASE NO. 17293 EXHIBIT "A"

# PORTION OF TRACT 33963 - PORTION OF BLOCK 32, MAIN PASS AREA, REVISED, Plaquemines Parish, Louisiana

All of the lands now or formerly constituting the beds and bottoms of all water bodies of every nature and description and all islands and other lands formed by accretion or reliction, except tax lands, belonging to the State of Louisiana and not under mineral lease on November 14, 2001, situated in Plaquemines Parish, Louisiana, and more particularly described as follows: Beginning at the Northeast corner of State Lease No. 1958, as amended, having Coordinates of X = 2,620,600.00 and Y = 297,280.00; thence West 3,760.00 feet along the North line of said State Lease No. 1958 to a point having Coordinates of X = 2,616,840.00 and Y = 297,280.00; thence North 910.00 feet to a point having Coordinates of X = 2,616,840.00 and Y= 298,190.00; thence North 63 degrees 15 minutes 14 seconds East 4,210.49 feet to a point having Coordinates 2,620,600.00 and Y = 300,084.89; thence South 2,804.89 feet to the point of beginning, containing approximately 160.33 acres, as shown outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. All bearings, distances and coordinates are based on Louisiana Coordinate System of 1927 (South Zone).

NOTE:

#### STATE LEASE NO. 17294 EXHIBIT "A"

## PORTION OF TRACT 33965 - PORTION OF BLOCK 31, MAIN PASS AREA, REVISED, Plaquemines Parish, Louisiana

All of the lands now or formerly constituting the beds and bottoms of all water bodies of every nature and description and all islands and other lands formed by accretion or reliction, except tax lands, belonging to the State of Louisiana and not under mineral lease on November 14, 2001, situated in Plaquemines Parish, Louisiana, and more particularly described as follows: Beginning at a point on the West line of Block 31, Main Pass Area, Revised, having Coordinates of X = 2,620,600.00 and Y = 297,280.00; thence North 2,804.89 feet to a point having Coordinates of 2,620,600.00 and Y = 300,084.89; thence North 63 degrees 15 minutes 14 seconds East 5,688.64 feet to a point having Coordinates of 2,625,680.00 and Y = 302,645.00; thence South 30 degrees 00 minutes 01 seconds East 4,589.95 feet to a point having Coordinates 2,627,975.00 and Y = 298,670.00; thence South 68 degrees 01 minutes 53 seconds West 7,952.44 feet to a point on the West line of said Block 31 having Coordinates of X = 2,620,600.00 and Y = 295,695.00; thence North 1,585.00 feet to the point of beginning, containing approximately 670.84 acres, as shown outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. All bearings, distances and coordinates are based on Louisiana Coordinate System of 1927 (South Zone).

NOTE:

#### STATE LEASE NO. 17295 EXHIBIT "A"

## PORTION OF TRACT 33968 - PORTION OF BLOCK 48, BRETON SOUND AREA, Plaquemines Parish, Louisiana

All of the lands now or formerly constituting the beds and bottoms of all water bodies of every nature and description and all islands and other lands formed by accretion or reliction, except tax lands, belonging to the State of Louisiana and not under mineral lease on November 14, 2001, situated in Plaquemines Parish, Louisiana, and more particularly described Beginning at a point having Coordinates of X = 2,636,151.00as follows: and Y = 292,830.00, said point also being on the South line of Block 48, Breton Sound Area; thence North 1,822.00 feet to a point having Coordinates of X = 2,363,151.00 and Y = 294,652.00; thence East 2,485.00 feet to a point having Coordinates of X = 2,638,636.00 and Y = 294,652.00; thence South 1,822.00 feet to a point having Coordinates of 2,638,636.00 and Y = 292,830.00, said point also being on said South line of said Block 48, Breton Sound Area; thence West 2,485.00 feet on said South line of said Block 48, Breton Sound Area, to the point of beginning, containing approximately 103.94 acres, as shown outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. bearings, distances and coordinates are based on Louisiana Coordinate System of 1927 (South Zone).

NOTE:

The above tract is located in or near an oyster restricted area and all operations in such area must be conducted in strict conformity with the stipulations and/or regulations of the Louisiana Department of Wildlife and Fisheries.

NOTE:

#### STATE LEASE NO. 17296 EXHIBIT "A"

## PORTION OF TRACT 33968 - PORTION OF BLOCK 48, BRETON SOUND AREA, Plaquemines Parish, Louisiana

All of the lands now or formerly constituting the beds and bottoms of all water bodies of every nature and description and all islands and other lands formed by accretion or reliction, except tax lands, belonging to the State of Louisiana and not under mineral lease on November 14, 2001, situated in Plaquemines Parish, Louisiana, and more particularly described Beginning at a point having Coordinates of X = 2,639,156.00and Y = 292,830.00, said point also being on the South line of Block 48, Breton Sound Area; thence North 1,080.00 feet to a point having Coordinates of X = 2,639,156.00 and Y = 293,910.00; thence East 3,525.00 feet to a point having Coordinates of X = 2,642,681.00 and Y = 293,910.00; thence South 1,080.00 feet to a point having Coordinates of X =2,642,681.00 and Y = 292,830.00, said point also being on said South line of said Block 48, Breton Sound Area; thence West 3,525.00 feet on said South line of said Block 48, Breton Sound Area, to the point of beginning, containing approximately 87.40 acres, as shown outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. bearings, distances and coordinates are based on Louisiana Coordinate System of 1927 (South Zone).

NOTE: The above tract is located in or near an oyster restricted area and all operations in such area must be conducted in strict conformity with the stipulations and/or regulations of the

Louisiana Department of Wildlife and Fisheries.

#### STATE LEASE NO. 17297 EXHIBIT "A"

## PORTION OF TRACT 33977 - PORTION OF BLOCK 46, BRETON SOUND AREA, Plaquemines Parish, Louisiana

All of the lands now or formerly constituting the beds and bottoms of all water bodies of every nature and description and all islands and other lands formed by accretion or reliction, except tax lands, belonging to the State of Louisiana and not under mineral lease on November 14, situated in Plaquemines Parish, Louisiana, and more particularly described as follows: Beginning at the Southwest corner of Block 46, Breton Sound Area, having Coordinates of X = 2,664,850.00 and Y = 292,830.00; thence North 3,322.00 feet on the West line of said Block 46 to a point having Coordinates of X = 2,664,850.00 and Y = 296,152.00; thence East 2,302.00 feet to a point having Coordinates of X = 2,667,152.00 and Y = 296,152.00; thence South 58 degrees 34 minutes 28 seconds East 4,127.42 feet to a point having Coordinates of X = 2,670,674.00 and Y = 294,000.00; thence South 1,170.00 feet to a point on the South line of said Block 46 having Coordinates of X = 2,670,674.00 and Y = 292,830.00; thence West 2,450.06 feet on the said South line of said Block 46 to the Southeast corner of State Lease No. 16892 having Coordinates of X = 2,668,223.94 and Y =292,830.00; thence on the boundaries of said State Lease No. 16892 the following courses: North 14 degrees 53 minutes 37 seconds West 1,065.81 feet to a point having Coordinates of X = 2,667,950.00 and Y = 293,860.00; South 78 degrees 34 minutes 33 seconds West 1,969.01 feet to a point having Coordinates of X = 2,666,020.00 and Y = 293,470.00; and South 15 degrees 35 minutes 14 seconds East 664.44 feet to its Southwest corner on the South line of said Block 46 having Coordinates of X = 2,666,198.54 and Y = 292,830.00; thence West 1,348.54 feet on the said South line of said Block 46 to the point of beginning, containing approximately 318.23 acres, as shown outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. All bearings, distances and coordinates are based on Louisiana Coordinate System of 1927 (South Zone).

NOTE:

#### STATE LEASE NO. 17298 EXHIBIT "A"

## PORTION OF TRACT 33978 - PORTION OF BLOCK 51, BRETON SOUND AREA, Plaquemines Parish, Louisiana

All of the lands now or formerly constituting the beds and bottoms of all water bodies of every nature and description and all islands and other lands formed by accretion or reliction, except tax lands, belonging to the State of Louisiana and not under mineral lease on November 14, 2001, situated in Plaquemines Parish, Louisiana, and more particularly described as follows: Beginning at the Southwest corner of Block 51, Breton Sound Area, having Coordinates of X = 2,664,850.00 and Y = 278,080.00; thence North 2,300.00 feet on the West line of said Block 51 to a point having Coordinates of X = 2,664,850.00 and Y = 280,380.00; thence South 71 degrees 26 minutes 23 seconds East 7,225.82 feet to a point on the South line of said Block 51 having Coordinates of X = 2,671,700.00 and Y =278,080.00; thence West 6,850.00 feet on the South line of said Block 51 to the point of beginning, containing approximately 180.84 acres, as shown outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. All bearings, distances and coordinates are based on Louisiana Coordinate System of 1927 (South Zone).

NOTE:

#### STATE LEASE NO. 17299 EXHIBIT "A"

## PORTION OF TRACT 33979 - PORTION OF BLOCK 46, MAIN PASS AREA, REVISED, Plaquemines Parish, Louisiana

All of the lands now or formerly constituting the beds and bottoms of all water bodies of every nature and description and all islands and other lands formed by accretion or reliction, except tax lands, belonging to the State of Louisiana and not under mineral lease on November 14, situated in Plaquemines Parish, Louisiana, and more particularly described as follows: Beginning at a point on the North line of Block 46, Main Pass Area, Revised, having Coordinates of X = 2,666,850.00 and Y = 278,080.00; thence East 4,850.00 feet on the North line of said Block 46 to a point having Coordinates of X = 2,671,700.00 and Y = 278,080.00; thence South 2,500.00 feet to a point having Coordinates of X = 2,671,700.00 and Y =thence West 410.00 feet to a point on the East line of the Northwest portion of State Lease No. 2726, as amended, having Coordinates of X = 2,671,290.00 and Y = 275,580.00; thence North 940.00 feet on the East line of the Northwest portion of said State Lease No. 2726 having Coordinates of X = 2,671,290.00 and Y = 276,520.00; thence West 1,820.00 feet on the North line of the Northwest portion of said State Lease No. 2726 to an interior corner on the boundary of State Lease No. 17282 having Coordinates of X = 2,669,470.00 and Y = 276,520.00; thence North 800.00 feet on the boundary of said State Lease No. 17282 to its most Northerly corner having Coordinates of X = 2,669,470.00 and 277,320.00; thence West 1,770.00 feet on the boundary of said State Lease No. 17282 to its most Northerly Northwest corner having Coordinates of X = 2,667,700.00 and Y = 277,320.00; thence South 1,380.00 feet on the boundary of said State Lease No. 17282 to an interior corner on its boundary having Coordinates of X = 2,667,700.00 and Y = 275,940.00; thence West 850.00 feet on the boundary of said State Lease No. 17282 to a point having Coordinates of X = 2,666,850.00 and Y = 275,940.00; thence North 2,140.00 feet to the point of beginning, containing approximately 161.35 acres, as shown outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. All bearings, distances and coordinates are based on Louisiana Coordinate System of 1927 (South Zone).

NOTE:

#### STATE LEASE NO. 17300 EXHIBIT "A"

# PORTION OF TRACT 33979 - PORTION OF BLOCK 46, MAIN PASS AREA, REVISED, Plaquemines Parish, Louisiana

All of the lands now or formerly constituting the beds and bottoms of all water bodies of every nature and description and all islands and other lands formed by accretion or reliction, except tax lands, belonging to the State of Louisiana and not under mineral lease on November 14, 2001, situated in Plaquemines Parish, Louisiana, and more particularly described as follows: Beginning at the Northwest corner of Block 46, Main Pass Area, Revised, having Coordinates of X = 2,664,850.00 and Y = 278,080.00; thence East 2,000.00 feet on the North line of said Block 46 to a point having Coordinates of X = 2,666,850.00 and Y = 278,080.00; thence South 2,140.00 feet to a point on the boundary of State Lease No. 17282 having Coordinates of X = 2,666,850.00 and Y = 275,940.00; thence West 1,070.00 feet on the boundary of said State Lease No. 17282 to a corner having Coordinates of X = 2,665,780.00 and Y = 275,940.00; thence South 3,060.00 feet along the Western boundary of said State Lease No. 17282 to its most Southerly Southwest corner having Coordinates of X = 2,665,780.00 and Y =272,880.00; thence West 930.00 feet to a point on the Eastern boundary of said Block 46 having Coordinates of X = 2,664,850.00 and Y = 272,880.00; thence North 5,200.00 feet on the Western boundary of said Block 46 to the point of beginning, containing approximately 163.59 acres, as outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. All bearings, distances and coordinates are based on Louisiana Coordinate System of 1927 (South Zone).

NOTE:

#### STATE LEASE NO. 17303 EXHIBIT "A"

## PORTION OF TRACT 33987 - PORTION OF BLOCK 16, BRETON SOUND AREA, Plaquemines and St. Bernard Parishes, Louisiana

All of the lands now or formerly constituting the beds and bottoms of all water bodies of every nature and description and all islands and other lands formed by accretion or reliction, except tax lands, belonging to the State of Louisiana and not under mineral lease on November 14, 2001, situated in Plaquemines and St. Bernard Parishes, Louisiana, and more particularly described as follows: Beginning at a point within Block 16, Breton Sound Area, having Coordinates of X = 2,642,752.46 and Y =359,205.00; thence East  $1,\overline{1}44.87$  feet to a point having Coordinates of X = 2,643,897.33 and Y = 359,205.00; thence South 58 degrees 18 minutes 05 seconds East 3,690.16 feet to a point having Coordinates of X 2,647,037.00 and Y = 357,266.00; thence South 31 degrees 14 minutes 49 seconds West 5,205.05 feet to a point having Coordinates 2,644,337.00 and Y = 352,816.00; thence North 54 degrees 49 minutes 05 seconds West 4,793.68 feet to a point having Coordinates 2,640,419.00 and Y = 355,578.00; thence North 32 degrees 45 minutes 20 seconds East 4,312.79 feet to the point of beginning, containing approximately 541.52 acres, as shown outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. bearings, distances and coordinates are based on Louisiana Coordinate System of 1927 (South Zone).

NOTE: The above tract is located in or near an oyster restricted area and all operations in such area must be conducted in strict conformity with the stipulations and/or regulations of the Louisiana Department of Wildlife and Fisheries.

NOTE: It appears, according to our records, that a portion of this tract is located within the restrictive safety fairway area as set out by the Corps of Engineers, U.S. Army.

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#### STATE AGENCY LEASE NO. 17305 EXHIBIT "A"

## PORTION OF TRACT 33991 - STATE AGENCY - Terrebonne Parish, Louisiana

The State Mineral Board acting on behalf of the Terrebonne Parish School Board, pursuant to Resolution adopted by that body and in accordance with Louisiana Revised Statutes 30:121-136 and 151-156, as amended, and Article 12, Section 18 of the Louisiana Constitution of 1921, as amended, which by Section 16 (A) 9, and 16 (B) of Article XIV of the 1974 Constitution is continued as a statute subject to arrangement in proper statutory form or modification provided by law, advertises the following described lands not under mineral lease on November 14, 2001: The East Half of the Northeast Quarter of Section 16, Township 19 South, Range 13 East, Terrebonne Parish, Louisiana, excluding beds and bottoms of all navigable waters located in said section, containing approximately 80.00 acres, as shown outlined on a plat on file in the Office of Mineral Resources, Department of Natural Resources. All bearings, distances and coordinates are based on Louisiana Coordinate System of 1927 (South Zone).

NOTE:

Paragraph 8 of the State Lease form used by the Terrebonne Parish School Board, to lease oil, gas and other mineral rights be amended to include the following provisions: "The failure of the Lessee to submit to the Lessor(s), at the office of the Terrebonne Parish School Board, for approval, the document intended to transfer, sublease, or assign any right obligation of the Lessee under this lease, within sixty (60) days after the effective date of any such transfer, sublease or assignment, shall subject the Lessee to pay to the Lessor(s) any damages the Lessor(s) may suffer, but in no event shall such damages be deemed to be less than \$100.00 per day for each day the Lessee fails to submit any such document to the Lessor(s) for approval."

NOTE:

The lease shall contain a Favored Nations Clause as follows: Ιt is understood and agreed that if Lessee(s) or its successor or assigns enters into and consummates an agreement to acquire, and does acquire, the oil and gas rights from owners or holders of a mineral interest in land exceeding ten (10) contiguous acres in area and located within one (1) mile of the external boundaries of this Lease during a period of time commencing 180 days prior to the date of this lease and ending (a) ninety (90) days after the completion of a producing well on the leased premises or within one mile of the external boundary of the leased premises, or (b) the end of the primary term, whichever occurs first (hereinafter "Third Party Lease"), then it agreed that Lessor(s) herein shall be entitled to the same bonus, and/or rental and/or royalty as is paid to any other mineral owner under a Third Party Lease which is higher than the bonus, and/or rental and/or royalty (each to be compared individually and not collectively) paid or to be paid to the Lessor(s) in accordance with those terms contained in this Lease. It is the intent of this Favored Nations Clause to ensure and require that Lessor(s) receives a bonus and/or rental and/or royalty that is commensurate with the highest of any bonus, rental or royalty which is paid by Lessee or its successors under any Third Party Lease, irrespective of whether some or all of said terms of the Third Party Lease may be less favorable than those provided in the Lease. Rather, Lessor(s) may obtain the benefit of some or all of those terms under the Third Party Lease which Lessor(s), it its sole discretion, deems more favorable.

Within sixty (60) days of acquiring a Third Party Lease, Lessee shall notify Lessor(s) in writing of each such lease and the terms thereof. At the option of Lessor(s), Lessee shall have thirty (30) days after receipt of such notice within which to execute a lease amendment, retroactive to the date of this Lease, in which Lessor(s) and Lessee agree to any higher bonus and/or rental and/or royalty contained in a Third Party Lease. Lessee agrees to pay Lessor(s) any higher bonus and/or rental and/or royalty contained in a Third Party Lease. Lessee agrees to pay Lessor(s) any higher bonus and/or rental and/or royalty, retroactive to the date of this Lease, within thirty (30) days after the execution of the lease amendment, but in no event later than 45 days after Lessor(s) receipt of Lessee's notice of the Third Party Lease.

NOTE:

Paragraph 5 (a) of the State Lease form used by the Terrebonne Parish School Board to lease oil, gas and other mineral rights be amended to read as follows: "In lieu of commencing operations for an offset well as above provided, Lessee may, at Lessee's option, commence compensatory payments equal to the royalties herein provided, computed on one-half (1/2) of the oil, gas or other liquid or gaseous mineral produced by the well in question on and after the date operations would have otherwise been commenced, value to be determined in accordance with provisions of Article 6 of this lease. Such payments may be commenced on or before sixty (60) days after the date operations otherwise have would been commenced, but shall include compensatory payments accrued from the date of production of the well in question. Thereafter, payments shall be due monthly in accordance with Article 6 (g). Lessee shall not be in default in either commencing compensatory payments or in making further payments as above provide if despite due diligence Lessee is unable timely to obtain the production information on which such payments are to be based. In any such case, however, Lessee must on or before the due date of the payments, notify the Board in writing of Lessee's inability to make such payment, the reason therefor, and Lessee's intent to make such payment at the earliest reasonable time. Compensatory

payments may be continued, at Lessee's discretion, for not more than one year from the date on which offset operations would otherwise have been commenced. At the end of that time, or within thirty (30) days from the end of any lesser period for which payments are made, Lessee shall comply with this offset obligation if the producing well continues to produce in paying quantities or to produce its allowable and the other conditions making this obligation operative are existent. The right to make compensatory payments is intended to permit Lessee to evaluate further the producing well, and the making of such payments shall not of itself be sufficient to maintain this lease if the lease is not otherwise being maintained in force and effect; however, the making of any such payments shall not prejudice Lessee's right to rebut any of the above enumerated presumptions.

NOTE: